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SOVIET AID SPURS CHINA'S INDUSTRIAL DEVELOPMENT

/Numbers in parentheses refer to appended sources./

General

On 14 February 1950, the USSR and the People's Republic of China signed the Treaty of Friendship, Alliance, and Mutual Assistance, as well as a long-term credit agreement and an agreement concerning the Chinese Ch'ang-ch'un Railway, Port Arthur, and Dairen. This day thereby marked a new era in the development and unification of the Chinese national economy in general, and the rehabilitation of China's nascent industry in particular. (1)

During 1950, the USSR fulfilled the terms of these agreements as follows:

1. Returned to China 18 buildings in Peiping; 21 plants, 9 factories, and 157 dwellings in Manchuria; 16 plants, 3 factories, 2 electric power stations, and 206 dwellings in Dairen (1, 2, 3)
2. Provided for the installation of many millions of rubles worth of the most valuable Soviet heavy industrial precision equipment for factories, plants, and power stations (1, 2, 3)
3. Provided locomotives, railroad cars, and rails for the restoration of railroad transportation throughout China (1, 2, 3)
4. Provided tractors, combines, seeders, harvesters, bailers, and many other types of modern Soviet farm machinery for the development of agriculture (1, 2, 3)
5. Provided for the establishment of Soviet-staffed training schools to instruct Chinese technical and agricultural cadres in the use of Soviet machinery, equipment, and operating methods. (1)

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6. Sent trained Chinese and Soviet scientific, technical, military, and political specialists into China in ever increasing numbers (1, 4)

7. Sent Soviet doctors and nurses into China to render assistance in areas ravaged by floods and epidemics (4)

8. Ordered USSR soldiers stationed in China to help in the fields during harvest time (4)

Yunnan region in China has received varying degrees of assistance from the USSR. In South China, Soviet soil experts have been assisting in the restoration and maintenance of rubber plantations on the island of Hainan. At present, more than 1,400,000 hectares of rubber trees are being cultivated under the careful supervision of these Soviet specialists. As a result, the island is expected to yield almost 200,000 tons of crude rubber a year (5)

Northwest China has been a major recipient of Soviet aid in the past few years. During 1950, in accordance with the terms of the Sino-Soviet Credit Agreement, three joint Sino-Soviet companies were incorporated for the purpose of developing mining of oil and nonferrous and rare metals in Sinkiang. In addition, a Sino-Soviet Civil Aviation Company has been chartered, which will contribute to the economic progress of this remote province by establishing reliable communications with Peiping, Lanchow, Sian, and Alma-Ata (1, 6, 7). Since the agreement, anticipated that the processing of the crude oil and gas would be done in Sinkiang itself, further demands are being made on Soviet engineers and oil workers to construct the necessary plants and factories in this area. Training schools for engineers and other technical experts, which will recruit students from the peasant and nomad population of the province, are being set up to ensure the future construction of factories, mills, and railroads in Sinkiang (6, 7). In the T'ien Shan range of western Sinkiang, new electric power stations were under construction in 1950. In neighboring Kirgiz SSR, the number of kolkhoz electric power stations was doubled during this same period (8). The industrial development of Sinkiang is assured by the steady flow into this area of machinery, equipment, and trained specialists from the USSR (1, 6, 7).

In Southwest China, the USSR has contributed valuable assistance to the improved economic position of Szechwan Province. During 1950, Soviet agricultural, scientific, and economic experts established special indoctrination schools for the purpose of instructing and training cadres. Soviet engineers have applied Soviet technological methods to further the development of mining in the province. A Sino-Soviet company was formed for the purpose of mining nonferrous and rare metals, and a Sino-Soviet oil company was also formed to increase the production of oil in this province. In August 1950, at the request of the Chinese government, a large group of Soviet entomologists was sent to Szechwan to combat the locust menace. The cattle-raising industry of the province was threatened by a severe epidemic of rinderpest, which was subsequently held in check by Soviet entomologists using modern, scientific, preventive measures. As a result of Soviet aid, cattle breeders in this area made a profit of 156 billion yuan from the export of cattle, hides, and wool to the USSR. In exchange, the USSR sent machinery, farming equipment, medical materials, and equipment, as well as many other commodities (9).

In North and East China, more than 200 Soviet specialists arrived from the USSR during 1950 alone. Many of these individuals were especially trained in industrial management, business administration, finance, and banking. They have been of considerable aid to China in her attempt to restore and expand her industries (1, 10). Soviet specialists helped to set up nearly 40 new machine-tractor stations and model farms throughout North, Northeast, and East China. During 1950, the machine-tractor stations had at their disposal almost 50,000 pieces of modern farm equipment (11, 12). Widespread application by Soviet agronomists of Michurin's principles of scientific agriculture, extensive utilization of Soviet machinery and farm equipment, and establishment of Soviet-sponsored machine-tractor

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2. A total of 24 tobacco factories produced 9,200 cases (yashchik) of cigarettes per month.

3. By October 1950, 16 dyestuff factories were back in operation in East China.

4. By December 1950, the monthly output of match factories averaged 60,000 cases (16).

5. In December 1950, more than 40 paper mills in East China produced more than 6 million metric tons of various kinds of paper (2).

6. In Shanghai, most of the 26 paint factories were in operation during 1950. The equipment used in this industry includes 262 motors with a total rating of 1,000 horsepower. Production figures for 1950 are as follows:

- a. Oil paint, 406,400 kilograms
- b. Oil paint, 121,052 gallons
- c. Varnish, 34,814 gallons
- d. Fish oil, 72,324 gallons
- e. Lacquer, 73,516 gallons (15)

7. In Shanghai, other light industries showed the following monthly production totals in 1950:

- a. Cotton yarn, 88,600 bolts
- b. Wheat flour, 294,800 bags
- c. Cigarettes, 56,900 cases
- d. Cement, 224,303 bags
- e. Mattress, 6,400 cases
- f. Knitting wool, 257,400 pounds (32)

8. At Bao-tou in Szechwan Province, which is the principal collection and distribution center for industrial products being transported between North China and the Northwest, the total volume of wool to be marketed was 13,220,000 catties (one catty equals 1.5 pounds). This included sheep wool, sheep down, and camel hair. In this area, 50 firms are now engaged in the fur and wool trade (42).

#### Electric Power

At the beginning of 1950, the total capacity of electric power stations was approximately one million kilowatts. The rated capacity of the steam-electric power station in Shanghai, which is now the biggest in the country, is 180,000 kilowatts. The Feng-nan hydroelectric power station, located on the Sungari River near Kirin Province, is the biggest in Manchuria, not counting the hydroelectric stations on the Yalu River (13). From January to August 1950, state power stations supplied 31 percent more electric power than for the same period in 1949. The actual consumption of electric power increased by 58 percent over 1949 (43). The increase was due principally to the fact that almost all stations in Northeast China, Fukien, Chekiang, and Szechwan provinces had been repaired and put back in operation. This made possible a 30-percent increase in the total electric power generated by power stations throughout China for 1950 (7). Power loss was reduced by 44.7 percent and coal consumption was reduced to 0.56 kilogram per kilowatt hour (42).

The import of Soviet heavy electric power equipment and the supervision of several teams of Soviet electric power experts contributed to the expansion of China's power industry. Many stations throughout China have been restored and put back in operation, and several new ones are now under construction. At the

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Foreign-trade activity of North China showed an excess of exports over imports of 12,672,000 dollars for the first quarter of 1950. In addition, if the 15 million dollars worth of goods exported through the ports of East China, Shanghai, and Tsingtao, and the 2 million dollars imported are included, the total favorable balance of trade is even greater than that here represented (49)

The following table offers a breakdown of North China exports and imports for the first quarter of 1950 (49)

Exports From North China, January - April 1950  
(percent)

Foodstuffs (butter, egg products, ground nuts, etc.)	26.5
Wool and sheep products	11
Iron ore	8
Iron	8
Raw materials	6
Textiles	5
Other	7
High-intensity	3
Oil seeds	25.3
Other goods (hemp, goatskins, etc.)	

Imports Into North China, January - April 1950  
(percent)

Machines, production equipment, metals, and metal products	30
Jute bags	19
Chemicals and industrial raw materials	12
Byproducts	9
Petroleum products	8
Rubber and its by-products	5
Raw cotton	4
Other goods (hardware, pharmaceuticals, fibers, etc.)	13

For leading imports are machines, power equipment, and metal products, all vital to the restoration of the national economy. Such industrial raw materials as jute, chemicals, cotton, etc., have retained a significant position in the total imports. However, the proportion of industrial raw materials imported is expected to decrease with the progressive development of communication lines with the southern and western regions of the country and the improvement of the country's overall productivity (49)

Foreign-trade activity of South China, which began in February 1950, has been showing a favorable balance in exports over imports. During March 1950, the excess of exports over imports amounted to 40 billion yuan. Exports of South China, from January to April 1950, increased four times as compared with the same period during 1949. Imports in January 1950 decreased 27 percent in comparison with December 1949. February import figures show a decrease of 64 percent, and in March, a 70-percent reduction in imports was recorded (49)

The ever-increasing prominence and importance of the state in the control and supervision of the country's industrial potential is illustrated in the following table (49)

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Government, Private, and Foreign Organizations  
(percent)

	1949			Jan - Apr 1950		
	<u>Export</u>	<u>Import</u>	<u>Av</u>	<u>Export</u>	<u>Import</u>	<u>Av</u>
Government companies	35	39	38	47	82	65
Private firms	4	45	45	36	16	26
Foreign firms	19	16	17	17	2	9

China's reliance and dependence on the assistance and technical experience of the USSR has led to progress in the gradual realization of China's plan for national economic recovery. In the words of China's Minister of Foreign Affairs Chen Fu-lai: "For the complete development and consolidation of the national economy in the next 3 to 5 years, we must concentrate on the development of several major sectors of the economy. This development must cater to the basic requisites of industrialization, capital accumulation, the domestic market, and machinery. The capital investments of the Central People's Government in the economic field will be mainly utilized for the construction of hydraulic irrigation projects, railroad transportation, and other communications, all of which are a prime necessity for the development of industry and agriculture." (43, 59, 60)

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